

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 First Round

June 16, 2021

Coachella Valley Apartments, located at 84900 Bagdad Avenue in Coachella, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits to finance the new construction of 55 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Community Housing Opportunities Corporation and will be located in Senate District 28 and Assembly District 56.

Coachella Valley Apartments is currently at-risk, but is being recommended for a reservation of tax credits that will be preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of USDA RHS 521 Rental Assistance. The project financing includes state funding from the Joe Serna program of HCD.

Project Number CA-21-032

Project Name Coachella Valley Apartments
Site Address: 84900 Bagdad Avenue
Coachella, CA 92236 County: Riverside
Census Tract: 457.050

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,500,000	\$0
Recommended:	\$2,500,000	\$0

Applicant Information

Applicant: Community Housing Opportunities Corporation
Contact: Vincent Nicholas
Address: 5030 Business Center Drive, Suite # 260
Fairfield, CA 94534
Phone: (415) 940-9478
Email: vnicholas@chochousing.org

General Partner(s) / Principal Owner(s): CHOC
Eugene Burger Management Company
General Partner Type: Nonprofit
Parent Company(ies): CHOC
Eugene Burger Management Company
Developer: Community Housing Opportunities Corporation
Investor/Consultant: Alliant Capital
Management Agent(s): Sterling Asset Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 5
 Total # of Units: 56
 No. & % of Tax Credit Units: 55 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: USDA 515 and 521 Rental Assistance (28 units - 38%) / HOME

Information

Set-Aside: At-Risk
 Housing Type: Large Family
 Geographic Area: Inland Empire Region
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 12	22%
At or Below 50% AMI: 23	42%
At or Below 60% AMI: 20	36%

Unit Mix

18 1-Bedroom Units
20 2-Bedroom Units
18 3-Bedroom Units
<u>56 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 1 Bedroom	30%	\$424
5 1 Bedroom	50%	\$706
8 1 Bedroom	60%	\$706
4 2 Bedrooms	30%	\$508
8 2 Bedrooms	50%	\$847
2 2 Bedrooms	50%	\$847
6 2 Bedrooms	60%	\$847
3 3 Bedrooms	30%	\$587
3 3 Bedrooms	50%	\$979
5 3 Bedrooms	50%	\$979
6 3 Bedrooms	60%	\$979
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,323,041
Construction Costs	\$19,321,344
Rehabilitation Costs	\$0
Construction Contingency	\$1,292,313
Relocation	\$1,045,000
Architectural/Engineering	\$1,200,000
Const. Interest, Perm. Financing	\$1,511,725
Legal Fees	\$60,000
Reserves	\$251,966
Other Costs	\$5,128,550
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$35,333,939

Residential

Construction Cost Per Square Foot:	\$266
Per Unit Cost:	\$630,963
True Cash Per Unit Cost*:	\$616,909

Construction Financing

Source	Amount
Wells Fargo Construction Loan	\$21,330,497
USDA 515 Assumed Loan	\$24,826
HCD - Joe Serna Farmworkers Grant	\$5,000,000
Riverside County HOME Funds	\$1,000,000
GP Equity	\$100
Tax Credit Equity	\$2,275,000

Permanent Financing

Source	Amount
Bonneville - Section 538	\$2,123,000
USDA 515 Assumed Loan	\$24,826
HCD - Joe Serna Farmworker Grant	\$5,000,000
City of Coachella - CFD Loan	\$3,794,000
Riverside County HOME Funds	\$1,000,000
Deferred Developer Fee	\$787,013
GP Equity	\$100
Tax Credit Equity	\$22,605,000
TOTAL	\$35,333,939

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$21,367,521
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,778
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Alliant Capital
Federal Tax Credit Factor:	\$0.90420

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	Large Family
Final:	50.998%

Significant Information / Additional Conditions

The project's cost per unit is approximately \$616,909. The applicant noted these cost are attributed to a new retention storm drain collector system below grade per city municipal code requirements.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, the City of Coachella, has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit, service every 30 minutes in rush hours	6	6	6
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1/4 mile of a public elementary school	2	2	2
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Enhanced Accessibility and Visitability	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.